

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6877

BILL NUMBER: HB 1226

NOTE PREPARED: Jan 4, 2008

BILL AMENDED:

SUBJECT: State Licensure of Towing Services.

FIRST AUTHOR: Rep. Harris E

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill:

- (1) Requires a towing service to secure a license with a fee of \$150 a year from the Bureau of Motor Vehicles (BMV) in order to engage in the business of towing services;
- (2) Authorizes a county or a municipality to adopt an ordinance regarding the licensing of towing services with stricter standards of operation;
- (3) Makes it a Class A infraction to fail to secure or renew a towing service license, and a Class C infraction to fail to notify the BMV of a change in name or location or the cessation of business of a towing service licensed business; and
- (4) Makes an appropriation.

Effective Date: July 1, 2008.

Explanation of State Expenditures: Expenses incurred by the BMV in the administration of this program will be paid from the Motor Vehicle Highway Account from funds appropriated for this purpose. The BMV currently licenses drivers (about 1.9 million in CY 2006); Auto Salvage Dealers and Transfer Dealers (about 550 in CY 2006);and various other types of licenses (about 2,300 in CY 2006). Whatever expenditures which are associated with the newly established license program are expected to be within the estimated revenue to be generated.

Explanation of State Revenues: Based on an Internet search of the term towing service, there may be at

least 985 businesses in Indiana which provide towing service. Based on 985 businesses, revenue from the annual fee of \$150 would generate \$147,750. The funds are to be deposited into the Motor Vehicle Highway Account from which program expenses would be paid.

Penalty Provision: It is not known the number of violations which might occur; although any revenue amount is likely to be small.

If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class A infraction is \$10,000 and for a Class C infraction is \$500. Infraction judgments are deposited in the state General Fund.

If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$17), the public defense administration fee (\$3), the court administration fee (\$3), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case. Any additional revenue is likely to be small.

State Agencies Affected: Bureau of Motor Vehicles.

Local Agencies Affected: Those counties or municipalities who adopt an ordinance regarding the licensing of towing services with stricter standards of operation than the BMV; Trial courts, local law enforcement agencies.

Information Sources: www.switchboard.com

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